



United States Department of State

*Bureau of Politico-Military Affairs  
Office of Defense Trade Controls*

Washington, D.C. 20522-0602

PROPOSED CHARGING LETTER

Teledyne Industries, Inc.

d/b/a Teledyne Wah Chang Albany

The Office of Defense Trade Controls, Bureau of Political Military Affairs, United States Department of State ("Department") charges that Teledyne Industries, Inc., d/b/a Teledyne Wah Chang Albany (hereinafter referred to as "TWCA") has violated the provisions of § 38 of the Arms Export Control Act (22 U.S.C. § 2778) and §§ 121.1, 123.1(a), and 127.1(a) of the International Traffic in Arms Regulations (codified at 22 C.F.R. Parts 120-130) (the "Regulations"), issued pursuant to §§ 38-42 of the Arms Export Control Act (22 U.S.C. §§ 2778-2780) (the "Act") as set forth below.

Facts constituting violations:

Charge 1

From in or about January 1983, through in or about June 1988, TWCA transferred and caused to be transferred 130 tons of ordnance-grade zirconium sponge and compacts from the United States to Chile. On certain occasions during said period, TWCA conspired to transfer and to cause to be transferred ordnance-grade zirconium compacts from the U.S. to Chile, without first obtaining the requisite approval of the Department. The purchaser, Carlos Cardoen, intended to incorporate the zirconium into cluster bombs and other munitions manufactured by Cardoen in Chile, and sold by Cardoen to Iraq.

Charge 2

In or about January 1987, through in or about June 1988, TWCA conspired to transfer and to cause to be transferred to Greece 308,814 pounds of zirconium compacts without first obtaining the requisite approval of the Department. In or about June 1988, persons unknown to the Department re-routed the vessel carrying the zirconium compacts and unloaded the zirconium at the port of Aqaba in Jordan.

Charge 3

On or about May 26, 1988, TWCA transferred and caused to be exported 308,479 pounds of zirconium compacts, without first obtaining the requisite approval of the Department.

The Department alleges that TWCA committed a total of three (3) violations, involving §§ 121.1, 123.1(a), and 127.1(a), each of which involves U.S.-origin defense articles and/or directly related technical data controlled by the Department under § 38 of the Arms Export Control Act (22 U.S.C. § 2778). The Act regulates the export of defense articles and defense services in the furtherance of world peace and the foreign policy and security interests of the United States.

Accordingly, TWCA is hereby notified that an administrative proceeding is instituted against it pursuant to § 38(c) of the Act and § 128 of the Regulations for the purpose of obtaining an Order imposing administrative sanctions, including any or all of the following:

Revocation of licenses and other written approvals by,  
for or to TWCA, under § 126.7;

Prohibition from participating directly or indirectly  
in the export of any defense article or technical data

or the furnishing of any defense service, for which a license or approval is required by the Regulations;

Debarment for a period of (3) three years;

Denial of applications for export licenses or other requests for written approvals by, for or to TWCA, under § 126.7;

Imposition of the maximum civil penalty allowed by law of \$500,000.00 for each violation, for a total of \$1,500,000.00, under § 38 of the Act;

TWCA is notified that it is required to answer the charges contained herein within thirty (30) days of the service as provided in 22 C.F.R. § 128.5(a). TWCA's failure to answer the charges will be taken as an admission of the truth of the charges and may be treated as a default under 22 C.F.R. § 128.4.

TWCA is further notified that it is entitled to an oral agency hearing on the record, as provided in § 128.8 of the Regulations, if a written demand for one is filed with its answer, or within 7 (seven) days after service of the answer. TWCA may if so desired, be represented by counsel, and may seek a consent agreement with the concurrence of the Office of Defense Trade Controls as provided under 22 C.F.R. § 128.11.

TWCA's answer, written demand for oral hearing (if any), and supporting evidence required by 22 C.F.R. § 128.5(b) shall be in duplicate and mailed or delivered to the Office of the EAR Administration Proceedings, Room 3810, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230. In addition, a copy of TWCA's answer shall be simultaneously mailed or delivered to the Director, Office of Defense Trade Controls, Room 200, State Annex 6, Department of State, Washington, D.C. 20522-0602.

A copy of the International Traffic in Arms Regulations (22 C.F.R. Parts 120 to 130) is enclosed.

This charging letter may be amended from time to time upon reasonable notice.

Sincerely,

William J. Lowell  
Director